

Happy Employees are Productive Employees

Offering a Smart FSA is a great way to attract talented people, enhance your benefits package, and increase the take-home pay of your employees!



A Flexible Spending Account (FSA) is a tax-savings vehicle that allows employees to contribute pre-tax dollars from their earnings to pay for qualified expenses, such as health care expenses and dependent care.

Smart FSA was developed with this in mind; to help your company maximize its compensation packages in order to attract and retain quality employees, and to do so cost effectively. When your employees utilize Smart FSA, it lowers their taxable compensation as well as your payroll obligation. In fact, the payroll tax savings generated from employees enrolled in Smart FSA often offsets the administrative costs of the program.

Common out-of-pocket expenses paid for with Smart FSAs include:

- Deductibles
- Co-Pays
- Coinsurance
- Prescription Drugs
- Vision Expenses
- Dental Expenses
- Day Care Services

What types of reimbursement accounts are there?

Medical Reimbursement Account:

This type of reimbursement account is used for paying for medical expenses such as deductibles and co-payments, prescriptions and over the counter medicines, uninsured orthodontia, dental expenses, vision care and supplies such as eyeglasses and contact lenses.

Adoption Assistance Account:

Amounts contributed on a pre-tax basis by an employee for qualified adoption expenses incurred in connection with the adoption (or in certain cases, the attempted adoption) of a child may be excludable from an employee's gross income.

Dependent Care Account:

This type of account is used for tax-free reimbursement of child care or other dependent care expenses.

Fringe Benefits: Transportation Account:

These plans are used to reimburse your employees with pre-tax dollars for qualified parking and transit expenses incurred on or near your business premises.

Smart FSA

Offering a Smart FSA is great for employees, but it can also save your company money. Look at the example below which shows the net savings to an employer by offering an FSA.

Total Number of Eligible Employees	250
Estimated Number of Smart FSA Participants	125
Estimated Average Monthly Smart FSA Contributions	\$300/month
Monthly Smart FSA Contributions	\$37,500
Total Annual Contributions	\$450,000
FICA	x7.65%
Annual Employer FICA Savings	\$34,425
Estimated Smart FSA Fees	\$9,000
Net Employer Savings	\$25,425

Smart FSA provides the following services:

- Non-discrimination testing to ensure plan compliance
- Preparation of the Plan Document and Summary Plan Description
- Account setup for each participant
- Instant access to funds through debit cards
- Employee online access to review account balances
- Ongoing record-keeping of activities involving employee elections
- Monitoring of payroll and contribution reports
- Issue of reimbursement checks and/or direct deposit to employees
- Quarterly account balance summaries to each participating employee
- Activity, status and confirmation reports to keep you in compliance
- Call-center support for participants

Smart FSA is powered by CPI-HR.

Smart Services™ are the result of the collective resource sharing of Benefit Advisors Network members. Smart FSA is one of many Smart Services™ now available through Benefit Advisors Network.